

**MULTIMEDIA**



**UNIVERSITY**

**STUDENT IDENTIFICATION NO**

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

**TRIMESTER 3, 2015/2016**

### **BAC2654 – PUBLIC SECTOR ACCOUNTING**

(All Section / Groups)

**3 JUNE 2016**

**9.00 a.m – 12.00 p.m**

**(3 Hours)**

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#### **INSTRUCTIONS TO STUDENT**

1. This question paper consists of 3 pages with 4 questions only.
2. Attempt **ALL** questions. All questions carry equal marks and distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

**QUESTION 1**

- a) Discuss how the Accountant General, Controlling Officer and Accounting Officer should exercise their roles as the government accounting personnel ?  
(12 marks)
- b) In Malaysia, the state governments receive annual financial assistance from the federal government in the form of grants. Briefly explain the THREE (3) types of grants to the state governments under Article 109 of the Federal Constitutions, including how the federal government allocates each grant to state government ?  
(15 marks)

**(Total: 25 marks)****QUESTION 2**

- a) The public sector in Malaysia uses budgetary control as part of the budgeting system. Briefly explain the concept and THREE (3) advantages of budgetary control.  
(10 marks)
- b) The Treasury Circular No. 2 Year 2012 indicates that monitoring and evaluation should be part of the strategic processes of outcome-based budgeting. Discuss how monitoring and evaluation should be carried out in the outcome-based budgeting ?  
(15 marks)

**(Total: 25 Marks)****QUESTION 3**

- a) Consolidated Trust Account records for all receipts and payments of trust funds and monies received by the government for specific purposes, as specified in Section 7(c) of the Financial Procedure Act 1957. It includes Government Trust Funds and Public Trust Funds. Briefly explain the concepts and roles of these two funds.  
(10 marks)
- b) The financial information of public sector is crucial to primary users in Malaysia. Identify FIVE (5) primary users and discuss how they have been benefitted from the disclosure of financial information of public sector ?  
(15 marks)

**(Total: 25 marks)****Continued...**

**QUESTION 4****Instruction:**

**Read the following Auditor General Report and answer question (a), (b) and (c).**

**PERAK STATE ECONOMIC DEVELOPMENT CORPORATION**  
**Management of Procurement**

1.1. Perak State Development Corporation (SEDC/PSDC) was established in 1970 under the Perak State Development Corporation Enactment No.3 1967. The objective of the establishment is to be the prime mover of the State's economic growth, trustee for the Bumiputera and act as the main agency at the state level to develop Bumiputera commercial and industrial community. For the year 2012 to 2014, a total of 107 procurements amounted to RM9.72 million were carried out by SEDC/PSDC which consist of 4 tenders, 51 quotations and 52 direct purchases.

1.2. An audit conducted from September to December 2014 revealed that the overall management of procurement by SEDC/PSDC was satisfactory in terms of selection of contractors for construction projects and supplies which were done through specific committees such as technical and evaluation, finance, quotation and tender committees. However, there were some weaknesses that need to be improved as follows:

- Projects delayed and increased in cost.
- Splitting of consultancy and refurbishment contract and were not properly planned.
- Laboratory devices were not used.

1.3. To improve the effectiveness of procurement management, the Perak State Development Corporation is recommended to take the following actions:

1.3.1. Ensure projects are completed on schedule in order to avoid increase in cost.

1.3.2. Ensure procurements are well planned and in accordance with the financial procedures to avoid wastage.

Source: National Audit Department. (2014). *Auditor General's Report for the year 2014: Activities of the department, agencies and management of state government companies in Perak*. Retrieved 14 April 2016

**Required:**

- a) Identify THREE (3) stakeholders and discuss how the weaknesses of procurement management affect each stakeholder ?.

(9 marks)

**Continued...**

b) Explain the applicable type of audit that the National Audit Department conducted on SEDC/PSDC.

(4 marks)

c) Discuss SEDC/PSDC's weaknesses of procurement management in the context of management and programme accountability.

(12 marks)

**(Total: 25 Marks)**

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